

# **FORESTRY IS FOR EVERYONE**

**Economic Recovery in Canada's Forestry Sector**

**Submission  
to the Standing Committee on Natural Resources**



**United Steel, Paper and Forestry, Rubber,  
Manufacturing, Energy, Allied Industrial  
and Service Workers International Union**

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Canada's forest industry is part of Canada's history and is the enduring legacy of those who literally 'built' our nation out of the richness of our natural resources.

The industry employs 209,000 Canadians across the country. It is estimated to have injected \$10.8 billion into Canada's payroll (total earnings) in 2018. More than 600 Canadian communities rely on forestry. Half of those depend on forestry for at least 50% of household income. Around 160 of those communities are solely reliant on forestry. The forest sector directly accounted for \$23-billion of Canada's GDP in 2019, with the sector exporting \$36-billion in forest products globally, 68% destined for the United States.

The United Steelworkers union (USW) represents more than 14,000 forestry workers, the majority of whom work in wood-product manufacturing, harvesting and transportation. USW woodworkers can be found working in Canada's forestry sector in more than 180 Canadian communities.

### **U.S. Duties Are Hurting Workers and Communities**

In B.C., forestry is feeling the brunt of the softwood lumber dispute with the U.S. Since the imposition of softwood duties in 2017, Canada is estimated to have paid more than \$4.5 billion in duties.

Despite recent record production because of consumer building during the hiatus caused by the COVID-19 pandemic, the industry has lost 11,000 jobs and lumber exports have decreased.

Combined with duties, the damage from the mountain pine beetle, increasingly harsh fire seasons and an onerous provincial market-based stumpage system have resulted in less access to economic fibre, thereby driving up costs to the point where many mills have had to curtail operations either temporarily or permanently.

In Ontario since 2017, producers have paid more than \$319-million in duties. The duties paid have deprived mills of much-needed cash. Some small-sized mills, like Kenora Forest Products, which has paid more than \$9 million in duties, have had to close down operations due to weakened cash flow.

In Quebec, the forest industry, which is more dependent on the pulp and paper sector than other regions of the country, has been precarious over the last couple of years. Although Quebec maintains it should be exempt from paying duties (due to its market-oriented stumpage system), provincial producers have paid more than \$738 million in U.S. duties since 2017.

## **RESTORE AND SUSTAIN THE FOREST INDUSTRY**

Canada needs to bring back an updated version of the Softwood Lumber Action Plan released in 2017. The assistance package is needed NOW and, while certain protective measures are now in place, at least temporarily, it is critical to look at the industry over the long term.

It was the right thing to do in 2017 but, in the immediate aftermath (a year after the duties were levied), the Export Development Canada distributed only \$70-million of the \$500-million made available as loans to forestry companies. The sector experienced a 30% increase in prices, more than offsetting the 10-to-24% import duties the U.S. has imposed.

Prices were driven up partly by the duties, but also by high demand driven by roaring U.S. housing starts. The crisis has now re-emerged.

## **2020 AND BEYOND – THE ACTION PLAN . . .**

### **Work to end the Softwood Lumber Dispute with the U.S.**

With the anticipated change in the U.S. as a result of the presidential election, NOW is the time to put softwood lumber back on the immediate international trade agenda. The softwood lumber dispute is simply not justified in an integrated market such as forestry. It was not addressed in the negotiations for the Canada-US-Mexico Agreement (CUSMA) and remains “unfinished business” in trade relations with the U.S.

USW and its 14,000 members in the forest sector urge every Member of Parliament to visit our campaign website, <https://www.forestryisforeveryone.ca/>; <https://www.laforetonenvit.ca/>

## **A severance package should not go against Employment Insurance (EI)**

Workers have been denied EI claims even though they have contributed for years to EI. Enhanced negotiated severance packages were never meant to prevent access to EI benefits in the current situation. Unionized workers should not be penalized due to the provisions they were able to negotiate in their collective agreements.

This punitive situation has changed slightly in the last few weeks with temporary measures announced by the government. While the union welcomes orders that ensure workers will not be held back from EI benefits if they receive negotiated severance packages, THIS CHANGE IS ONLY MEANINGFUL IF IT IS MADE PERMANENT.

## **Vacation entitlement should not go against EI claims**

Similarly, vacation entitlements are counted against workers' ability to access EI if they are laid off.

Again, this penalizes workers for being in the unfortunate situation of not having used up their vacation allotment prior to being laid off.

The union also welcomes the change that workers will not be held back from accessing EI benefits on the basis of vacation entitlement. But once again, THIS CHANGE IS ONLY MEANINGFUL IF IT IS MADE PERMANENT.

## **Lower the eligible hours for second EI claims**

Many forestry workers have been subjected to multiple rounds of layoffs. But they may not have accumulated enough hours at work before being laid off the second time, and therefore, until recently, did not qualify for EI. Workers deserve to have a reduction in eligible hours for second EI claims.

Once again, the United Steelworkers welcomes the order that reduces the number of eligible hours workers must have before making an EI claim. But also once again, THIS CHANGE IS ONLY MEANINGFUL IF IT IS MADE PERMANENT.

### **Provide loan guarantees to companies that have paid duties**

As part of a sustainable economic strategy, loan guarantees to forestry companies must be made available, equalling 75% of the amount they have paid in duties. Despite recent increases in the success of larger forest product companies, many small mills are suffering from weak cash flow.

**For the sake of workers, communities and all Canadians, and together with innovation in forest products production, these are the basics that will help sustain our Forest Industry for the foreseeable future.**